

**FINANCIAL REPORT
Hayes Township
June 30, 2008**

**HAYES TOWNSHIP
FINANCIAL REPORT
June 30, 2008**

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Hill • Schroderus & Co., LLP
Certified Public Accountants & Consultants

February 5, 2009

Independent Auditors' Report

Township Board
Hayes Township
Charlevoix County, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of Hayes Township, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund as of June 30, 2008, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Township has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the basic financial statements.

Hill Schroderus & Co.

CERTIFIED PUBLIC ACCOUNTANTS
Petoskey, Michigan

HAYES TOWNSHIP
Statement of Net Assets
June 30, 2008

	Governmental Activities
	<hr/>
<u>Assets</u>	
Current Assets	
Cash	\$ 1,060,424
Due from other governments	20,461
Due from fiduciary fund	<hr/> 4,370
Total current assets	<hr/> 1,085,255
Noncurrent Assets	
Capital assets	309,035
Less: accumulated depreciation	<hr/> (147,236)
Total noncurrent assets	<hr/> 161,799
Total assets	<hr/> <hr/> \$ 1,247,054
<u>Net Assets</u>	
Net Assets	
Investment in capital assets	\$ 161,799
Restricted:	
Road maintenance and repairs	263,318
Metro act expenditures	22,338
Unrestricted	<hr/> 799,599
Total net assets	<hr/> <hr/> \$ 1,247,054

HAYES TOWNSHIP
Statement of Activities
Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General government	\$ 114,409	\$ 14,842	\$ -	\$ (99,567)
Public safety	39,072	-	-	(39,072)
Public Works	302,315	-	-	(302,315)
Health and welfare	10,543	-	-	(10,543)
Community and Economic Development	56,874			(56,874)
Recreation and cultural	8,056	-	-	(8,056)
Unallocated	16,977	-	-	(16,977)
Depreciation (unallocated)	11,704	-	-	(11,704)
Total governmental activities	<u>\$ 559,950</u>	<u>\$ 14,842</u>	<u>\$ -</u>	<u>(545,108)</u>
General Revenues:				
Property taxes				430,374
State shared revenues				134,280
Interest				27,981
Other				<u>2,048</u>
Total general revenues				<u>594,683</u>
Change in net assets				49,575
Net assets - beginning of year				<u>1,197,479</u>
Net assets - end of year				<u>\$ 1,247,054</u>

HAYES TOWNSHIP
Governmental Fund
Balance Sheet
June 30, 2008

	<u>General</u>
<u>Assets</u>	
Cash	\$ 1,060,424
Due from other governments	20,461
Due from other funds	<u>4,370</u>
Total assets	<u><u>\$ 1,085,255</u></u>
<u>Fund Balance</u>	
Fund balance:	
Reserved for:	
Road maintenance and repairs	\$ 263,318
Metro act expenditures	22,338
Undesignated	<u>799,599</u>
Total fund balance	<u><u>\$ 1,085,255</u></u>

HAYES TOWNSHIP
Governmental Fund
Reconciliation of the Governmental Fund Balance Sheet to
the Statement of Net Assets
June 30, 2008

Total Fund Balance - Governmental Fund	\$ 1,085,255
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Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities are not financial
resources and are not reported in the governmental funds
balance sheet

Cost of capital assets	309,035
Accumulated depreciation	<u>(147,236)</u>

Total net assets - governmental activities	<u><u>\$ 1,247,054</u></u>
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HAYES TOWNSHIP
Governmental Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2008

	<u>General</u>
Revenues:	
Taxes	\$ 430,374
State revenue	134,280
Charges for service	14,842
Interest	27,981
Other	<u>2,048</u>
Total revenues	<u>609,525</u>
Expenditures:	
Current:	
General government	114,409
Public safety	39,072
Public works	302,315
Health and welfare	10,543
Community and economic development	56,874
Recreation and cultural	8,056
Unallocated	16,977
Capital outlay	<u>22,777</u>
Total expenditures	<u>571,023</u>
Net change in fund balance	38,502
Fund balance - beginning of year	<u>1,046,753</u>
Fund balance - end of year	<u><u>\$ 1,085,255</u></u>

HAYES TOWNSHIP
Governmental Fund
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2008

Net Change in Fund Balance - Total Governmental Fund	\$ 38,502
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Amounts reported for governmental activities in the statement
of net assets are different because:

Capital outlays are reported in governmental funds as expenditures.
However, in the statement of activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	22,777
Current year depreciation expense	<u>(11,704)</u>
Change in net assets - governmental activities	<u>\$ 49,575</u>

HAYES TOWNSHIP
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Taxes	\$ 410,627	\$ 419,542	\$ 430,374	\$ 10,832
State revenue	132,500	136,200	134,280	(1,920)
Charges for services	12,350	12,650	14,842	2,192
Interest	14,200	24,000	27,981	3,981
Other	560	550	2,048	1,498
	<u>570,237</u>	<u>592,942</u>	<u>609,525</u>	<u>16,583</u>
Total revenues				
Expenditures:				
Current:				
General government:				
Legislative	7,504	13,153	7,016	(6,137)
Supervisor	8,226	8,528	8,028	(500)
Clerk	24,744	26,947	22,727	(4,220)
Board of review	2,400	2,400	1,345	(1,055)
Treasurer	24,644	25,946	21,411	(4,535)
Assessor	24,719	24,794	22,838	(1,956)
Elections	5,550	5,550	1,729	(3,821)
Building and grounds	10,500	15,800	12,588	(3,212)
Legal	15,600	15,600	2,311	(13,289)
Cemetery	9,723	14,018	8,122	(5,896)
Unallocated	9,800	17,300	6,294	(11,006)
	<u>143,410</u>	<u>170,036</u>	<u>114,409</u>	<u>(55,627)</u>
Total general government				
Public Safety:				
Fire protection	44,500	46,600	39,072	(7,528)
	<u>44,500</u>	<u>46,600</u>	<u>39,072</u>	<u>(7,528)</u>
Public works:				
Road maintenance and repair	422,796	588,104	269,921	(318,183)
Street lights	1,700	1,800	1,752	(48)
Spring clean up	56,000	32,490	30,642	(1,848)
	<u>480,496</u>	<u>622,394</u>	<u>302,315</u>	<u>(320,079)</u>
Total public works				
Health and welfare:				
Ambulance service	\$ 11,000	\$ 11,000	\$ 10,543	\$ (457)
	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 10,543</u>	<u>\$ (457)</u>

HAYES TOWNSHIP
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
(Continued)
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Community and Economic Development:				
Ordinance enforcement	\$ 27,735	\$ 23,440	\$ 22,706	\$ (734)
Zoning	53,797	44,815	34,168	(10,647)
Total Community and Economic Development	81,532	68,255	56,874	(11,381)
Recreation and cultural	17,500	17,500	8,056	(9,444)
Unallocated:				
Insurance	8,600	8,600	8,272	(328)
Payroll taxes	9,455	9,455	8,705	(750)
Total Unallocated	18,055	18,055	16,977	(1,078)
Capital outlay	10,000	22,780	22,777	(3)
Total expenditures	806,493	976,620	571,023	(405,597)
Net change in fund balance	(236,256)	(383,678)	38,502	422,180
Fund balance - beginning of year	236,256	1,046,753	1,046,753	-
Fund balance - End of Year	\$ -	\$ 663,075	\$ 1,085,255	\$ 422,180

HAYES TOWNSHIP
Fiduciary Fund
Statement of Fiduciary Net Assets
June 30, 2008

	<u>Agency Fund</u>
Assets	
Cash	<u>\$ 4,370</u>
Liabilities	
Due to other funds	<u>\$ 4,370</u>

HAYES TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township operates under a Board-Supervisor form of government and provides the following services as authorized by its charter: public safety (fire), highways and streets, public improvements, planning and zoning, and general administrative services.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the significant policies used by Hayes Township:

REPORTING ENTITY

The accompanying financial statements have been prepared in accordance with criteria established by GASB No. 14, and amended by GASBS No. 39. GASBS 14 states that the primary basis for determining whether outside agencies and organizations should be considered component units of the Township and included in the Township's financial statements is financial accountability. Financial accountability has been defined as follows: A primary government has substantive authority to appoint a voting majority of the component unit's board; the primary government is either able to impose its will on a component unit or there is a potential for the component unit to provide specific financial burdens on the primary government; and the component unit is fiscally dependent on the primary government. The Township has no component units.

BASIC FINANCIAL STATEMENTS – OVERVIEW

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and the fund financial statements categorize primary government activities as governmental.

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government. The government-wide focus is more on operational efficiency, the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS - CONTINUED

In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis. Due to the full accrual, economic resource basis, all long-term assets and receivables, as well as long-term debt and obligations are recognized. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. This statement reduces gross expenses (including depreciation) by related program revenues, which includes charges for services, operating grants and capital grants.

The program revenues must be directly associated with the function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenue.

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The focus of the fund financial statement is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources).

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The emphasis in the fund financial statements is on the major funds in the governmental type category. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of the governmental and proprietary funds) for the determination of major funds.

Governmental Funds

The following is a description of the major governmental fund of the Township:

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED*

BASIC FINANCIAL STATEMENTS — FUND FINANCIAL STATEMENTS – CONTINUED

Fiduciary Fund

Fiduciary funds are used to account for assets held by the Township in a trustee or agent capacity. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Agency funds use the accrual basis of accounting which reports only assets and liabilities. The following is a description of the fiduciary fund maintained by the Township.

Agency Fund – The Agency Fund accounts for the collection and payments of property tax levies.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the full accrual basis of accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred.

The agency fund is accounted for using the full accrual basis of accounting. The Township's agency fund records liabilities when property taxes are received.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded in the accounting period in which they are earned, as long as they are both available and measurable. Revenues are available when received within the current period or within 60 days after year-end. Expenditures are recorded in the accounting period in which the liability is incurred, as under full accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

ASSETS, LIABILITIES, AND NET ASSETS

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand and demand deposits.

Inter-fund Receivables/Payables

Outstanding balances between funds are reported as "due to/from" other funds on the balance sheet of the fund financial statements and as "internal balances" on the Statement of Net Assets of the government-wide financial statements.

Capital Assets

Capital assets, which include property, buildings and equipment are reported in the applicable governmental activities column in the government-wide financial statements.

Capital assets are recorded by the Township when the initial individual costs are equal to or greater than the following amounts:

<u>Asset Type</u>	<u>Amount</u>
Land	\$ 1
Land improvements	1,000
Buildings	1,000
Building improvements	1,000
Equipment	1,000

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Property, buildings and equipment are depreciated using the straight-line method over the following useful lives:

Land Improvements	20 years
Buildings	40 years
Building improvements	20 years
Equipment	5-20 years

Additionally, depreciation on capital assets begins in the year after acquisition.

Fund Equity

In the fund financial statements, governmental funds report reserved fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for specific purposes.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the operating fund of the Township except for the agency fund. Budgetary control is legally maintained at the fund level.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.
4. The budget for the General Fund is adopted at the total fund level. Budgeted amounts are as originally adopted, or as amended by the Township Board during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds

The Township is required under Public Act 621 to adopt a budget for the General Fund. The Township did not incur an excess of expenditures over appropriations for the General Fund.

NOTE 3: CASH DEPOSITS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations, which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2008, the carrying amount of the Township deposits, including the fiduciary fund, was \$1,064,794 and the bank balance was \$1,069,611. Of the above balance in cash, \$508,754 was covered by federal depository insurance. The Township may experience significant fluctuations in deposit balances throughout the year.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 4: PROPERTY TAX

Property taxes attach as an enforceable lien on property as of December 1. Taxes are levied in December and are payable from December through February 14. The Township bills and collects its own property taxes and also taxes for other governmental units. Collections of the other governmental units' taxes and remittance of them to the units are accounted for in the Agency Fund. Property tax revenues are recognized in the year for which they are levied.

The Township is permitted by state law, subject to State Headlee and Truth in Taxation provisions, to levy taxes up to \$1.00 per \$1,000 of assessed valuation for general government services and up to \$1.00 per \$1,000 assessed valuation for road repair and maintenance that was authorized by Township residents for the years 2006 – 2010.

The tax rates for the year ended June 30, 2008 are as follows:

<u>Purpose</u>	<u>Rate/Assessed Valuation</u>
General government service	\$0.9694 per \$1,000
Road repairs and maintenance	\$0.9809 per \$1,000

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The inter-fund balances within the primary government are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 4,370	\$ -
Fiduciary Fund	-	4,370
	<u>\$ 4,370</u>	<u>\$ 4,370</u>

The inter-fund balances are for \$2,500 loaned to the fiduciary fund to keep its checking account open and is not expected to be paid back within one year. The remaining \$1,870 is for interest and delinquent taxes.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 6: CAPITAL ASSETS

Capital asset activity of the Township's primary government for the current year was as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 25,601	\$ -	\$ -	\$ 25,601
Capital assets being depreciated:				
Land improvements	49,221	-	-	49,221
Buildings	147,542	-	-	147,542
Building improvements	9,685	22,777	-	32,462
Equipment	54,209	-	-	54,209
Subtotal	260,657	22,777	-	283,434
Less accumulated depreciation:				
Land improvements	20,388	2,369	-	22,757
Buildings	80,857	3,687	-	84,544
Building improvements	1,453	1,243	-	2,696
Equipment	32,834	4,405	-	37,239
Subtotal	135,532	11,704	-	147,236
Net capital assets being depreciated:	125,125	11,073	-	136,198
Governmental activities net capital assets	\$ 150,726	\$ 11,073	\$ -	\$ 161,799

Depreciation expense was unallocated between functions in the statement of net assets.

NOTE 7: RISK MANAGEMENT

The Township belongs to the Michigan Municipal Liability and Property Pool, a public entity risk pool currently operating as a common risk management and insurance program for various municipalities throughout the state. The Township pays an annual premium for its general insurance coverage. The pool is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of \$500,000 for each insured event.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 8: COMMITMENTS

On June 18, 2008, the Township accepted a bid from Michigan Pavement Solutions for chip seal work on Old 31 and Murray Road. The project was completed in July 2008 for \$89,099.

NOTE 9: SUBSEQUENT EVENTS

On August 11, 2008, the Township accepted a bid from H & D, Inc. for roadwork on Maple Grove Road. The project was completed in October 2008 for \$186,128.



February 5, 2009

COMMUNICATION OF MATERIAL WEAKNESS IN INTERNAL CONTROL AND OTHER MATTERS

To the Township Board
Hayes Township
Charlevoix County, MI

In planning and performing our audit of the financial statements of the governmental activities and the major fund of Hayes Township as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness:

The Township does not have the expertise to prepare financial statements in accordance with generally accepted accounting principles. According to newly issued auditing standards this inability to prepare financial statements in accordance with generally accepted accounting principles is an indicator of a significant deficiency and a strong indicator of a material weakness in internal control.

We did note the Township's management does possess the skills necessary to monitor the annual budget. Additionally, the accounting system, which is designed primarily for budgetary purposes, is used as the source information in preparing the financial statements in accordance with generally accepted accounting principles with some adjustments, format differences, and note disclosures.

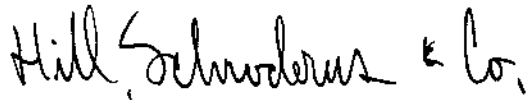
We have also noted other matters for your consideration:

Budget preparation: In order to comply with The Uniform Budgeting and Accounting Act, the Appropriation act stated in the minutes should include: beginning estimated fund balance, revenues by source, expenditures, and estimated ending fund balance. The budget document should include columns for each of the following: actual amounts of revenue and expenditures for the most recently completed year; current year estimated revenues and expenditures; and estimated amounts of revenues and expenditures for the year being budgeted. In addition, each column should have a beginning fund balance at the top and ending fund balance at the bottom.

Road millage fund: Road millage revenue and expenditures should be accounted for in a fund separate from the General Fund. This would allow for more transparent accounting for these restricted funds.

2006 tax settlement: This check in the amount of \$27,483 was not deposited until eight months after receipt. There was no mention of this matter in the board minutes. The board should be aware of and concerned about the lack of receipt and/or deposit of significant funds.

This communication is intended solely for the information and use of management, the Township Board, others within the organization, and the State of Michigan and is not intended to be and should not be used by anyone other than these specified parties.



HILL, SCHRODERUS & CO.
Certified Public Accounts